

Business Supplies Distribution

The Company Dilemma



Our client, a public company, is a world leader in the business-to-business distribution of maintenance, repair, and operating supplies. It serves more than one million customers, providing next-day access to over 200,000 products and has

annual sales in excess of \$5 billion.

The company had two key dilemmas. Its first was difficulty in extending its capability to deal with large customers via a greatly expanded product line and set of service options. Secondly, it struggled to improve infrastructure and processes to support enhanced logistics capabilities, improved product presentation, expanded information systems support, and improved management processes.



Thomas Group Strategy and Solution

Thomas Group was engaged in an extensive program; the key objectives were:

- Create a rapid customer response capability through changing the management decision/action culture
- Improve the company's ability to add new suppliers and products and capture market opportunities
- Improve asset management and profit growth in an ever-increasing service and price sensitive environment


The process of change was driven by the Thomas Group *Total Cycle Time*[®] (TCT[®]) methodology.

After forming the *business improvement team* and *cross-functional teams*, client staff were trained in TCT[®] methodology. Staff became not just participants in, but leaders of the change program.

The next step was to create a clear picture of the company's new product introduction, supply chain, and information systems processes through *process mapping*. As *drivers* for improvement, *measurements* were defined, and then *baseline* (current performance) and *entitlement* (target performance) were set.

The cross-functional teams, facilitated by Thomas Group's team of industry experienced *Resultants*[®], were tasked to identify root cause barriers to reducing cycle time and increase first pass yield. These barriers were removed by client task forces known as *barrier removal teams* which used the measurement system to guide the choice of barrier and monitor actual improvement achieved after its removal.

An *action in process* management system was installed throughout the organization, including the senior management level which had the impact of clarifying priorities around the company's key business objectives. For the rest of the organization, this approach prioritized project flow through the business processes by applying filters to ensure that projects and resources were aligned and in support of company strategy. Implementation of a *figure of merit* helped to achieve strategic alignment.

Hierarchical cockpit charts were installed throughout the organization, all the way down to the regional branch level. These charts created a clear, graphical representation of improvement at the process level and helped connect the top to the bottom of the organization and communicate what was important. The charts also demonstrated to company senior management how improvements at the process level were linked to financial and performance results for the business. 



The Bottom-line Results

The cumulative economic earnings from the changes initiated by the Thomas Group program totaled \$300 million over the life of the program. Specifically:

- Economic earnings increased by nearly 400%
- Order fulfillment first pass yield increased by 20%
- Cycle time for new product introduction was reduced by 20%
- Inventory turn was improved by 37%
- Supply chain management reduced cost of sales by 2%
- Information systems productivity increased by 250%

What the Clients Said

"The installation of hierarchical measurements and cross-functional teams created a powerful methodology for managing the business."

"Decision making processes have been improved, along with an increase in speed of management decision making."

"Thomas Group Resultants demonstrated a willingness to roll up their sleeves and get involved."

Would the company consider using Thomas Group again?

Consistently the answer is "Yes!"